

Message Text

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ACTION EUR-08

INFO OCT-01 SS-14 ISO-00 NSCE-00 PRS-01 USIE-00 SSO-00
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FM AMEMBASSY OTTAWA
TO SECSTATE WASHDC IMMEDIATE 6015

UNCLAS SECTION 01 OF 06 OTTAWA 00269

LIMDIS

E.O. 11652: N/A
TAGS: OVIP (WALTER MONDALE) CA
SUBJECT: VICE PRESIDENT'S VISIT: OTTAWA PRESS CONFERENCE

FOR EUR/CAN; VICE PRESIDENT'S OFFICE (CLIFT AND BIEGING)

PASS USIA, VOA, IPS/PE, IEU/IOP/G

1. FOLLOWING IS TRANSCRIPT OF PRESS CONFERENCE GIVEN BY
VICE PRESIDENT IN OTTAWA, 1700 HOURS, JANUARY 17, 1978:

2. BEGIN TEXT: MR. SMALL: VICE -PRESIDENT MONDALE, WE
ARE VERY PLEASED TO WELCOME YOU HERE. THE VICE-PRESIDENT
HAS A SHORT OPENING STATEMENT AND THEN WE WILL TAKE
QUESTIONS. THE PRESS CONFERENCE WILL LAST ABOUT 15 MINUTES.
I REMIND YOU AGAIN TO STAND UP WHEN YOU ASK QUESTIONS SO
THAT THE INTERPRETERS CAN HEAR YOU. MR. VICE-PRESIDENT,
IF YOU WANT TO LISTEN TO THE OTHER CANADIAN LANGUAGE,
YOU CAN USE THE EARPHONE PROVIDED.

3. VICE -PRESIDENT MONDALE: THANK YOU VERY MUCH FOR
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THAT INTRODUCTION. IT IS NICE TO BE IN OTTAWA AGAIN
AND TO BE WITH YOUR VERY FINE DEPUTY PRIME MINISTER,
MR. MACEACHEN, WHO HAS BEEN WITH ME ALL DAY AND I AM VERY
GRATEFUL FOR HIS GENEROSITY.

4. IT HAS BEEN A PRIVILEGE TO COME HERE, PARTICULARLY
IN THE COMPANY OF THREE OF OUR ABLEST SENATORS FROM THE

UNITED STATES, SENATOR BOB STAFFORD FROM VERMONT, BILL HATHAWAY FROM MAINE AND SENATOR WENDELL ANDERSON FROM MINNESOTA.

5. I AM HERE TODAY AS PRESIDENT CARTER'S REPRESENTATIVE TO BUILD ON THE PRESIDENT'S TALKS WITH THE PRIME MINISTER LAST YEAR AND THE RESULTING CONSULTATIONS AND PROGRESS BETWEEN OUR GOVERNMENTS. PRIME MINISTER TRUDEAU AND I REVIEWED THE GREAT PROGRESS IN THE RELATIONSHIPS BETWEEN OUR COUNTRIES IN THE LAST 12 MONTHS; THE NEW CONFIDENCE AND FEELING OF PARTNERSHIP BETWEEN US, OUR SUCCESS IN A NUMBER OF AREAS, AND THE DETERMINATION OF OUR GOVERNMENTS TO GET ON WITH THE IMPORTANT BUSINESS.

6. WE WERE ABLE TO CONSUMMATE A CRUCIAL PIPELINE, THE SO-CALLED ALCAN HIGHWAY PIPELINE. WE HAVE ESTABLISHED CRUCIAL ENERGY CONSULTATIONS. CROSS-BORDER ENVIRONMENTAL ISSUES HAVE BEEN DISCUSSED. WE HAVE BEEN ABLE TO AGREE ON THE SEAWAY TOLLS ISSUE, I THINK A MOST USEFUL AGREEMENT. WE HAVE COOPERATED TOGETHER IN A WHOLE RANGE OF INTERNATIONAL ISSUES: THE SO-CALLED NORTH-SOUTH DIALOGUE WHERE CANADIAN LEADERSHIP HAS BEEN PRE-EMINENT; WE HAVE WORKED WITH YOUR GOVERNMENT IN THE CARIBBEAN. WE COOPERATE TOGETHER IN THE SO-CALLED CONTACT GROUP DEALING WITH THE PROBLEM OF NAMIBIA, IN NATO, AND IN PRACTICALLY EVERY AREA OF INTERNATIONAL AFFAIRS AND UNCLASSIFIED

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FOREIGN POLICY THE UNITED STATES AND CANADA HAVE BEEN WORKING TOGETHER. WE ARE VERY, VERY PLEASED BY THE PROGRESS THAT HAS BEEN ACCOMPLISHED AND ACHIEVED AND WE LOOK FORWARD TO FUTURE DEVELOPMENTS.

7. I WAS NOT HERE TODAY TO ENGAGE IN DETAILED NEGOTIATIONS BUT RATHER TO DISCUSS THE OVER-ALL RELATIONSHIPS AND, WITH MY CANADIAN HOSTS, EXPLORE THE BEST DIRECTIONS FOR THE U.S. AND CANADA ON A NUMBER OF ISSUES. IN MY MEETING WITH THE PRIME MINISTER AND SEVERAL MEMBERS OF THE CABINET WE AGREED ON A NUMBER OF ACTIONS TO FURTHER PROGRESS ON PROBLEMS OF MUTUAL CONCERN AND TO BRING OUR COOPERATION INTO NEW AREAS.

8. TO INTENSIFY OUR ECONOMIC COOPERATION WE AGREED TO PROCEED WITH THE HIGH LEVEL U.S.-CANADIAN CONSULTATION IN MARCH WITH SECRETARY BLUMENTHAL AND CEA CHAIRMAN CHARLES SCHULTZ TO MEET WITH YOUR MINISTER OF FINANCE, JEAN CHRETIEN AND HIS COLLEAGUES IN OTTAWA. THERE MAY BE OTHER MEETINGS THAT FOLLOW, BUT OUR DISCUSSION REFLECTED THE NEED FOR A CLOSE AND DETAILED UNDERSTANDING ON THE PART OF CANADIAN GOVERNMENT LEADERSHIP AS TO THE

ECONOMIC POLICIES WHICH WE WERE PROCEEDING WITH IN A WHOLE RANGE OF AREAS, AND A SIMILAR INTEREST ON OUR PART TO UNDERSTAND PRECISELY THE APPROACH BEING TAKEN BY THE CANADIAN GOVERNMENT IN TERMS OF THEIR ECONOMIC POLICIES. THEY RELATE SO CLOSELY THAT WE BELIEVE THIS HIGH LEVEL MEETING AND THOSE THAT MIGHT FOLLOW TO BE OF GREAT IMPORTANCE.

9. WE DISCUSSED FOR SOME TIME THE IMPORTANCE OF THE MULTILATERAL TRADE NEGOTIATIONS, THE SO-CALLED GATT TALKS, UNDERWAY NOW. I WAS HEARTENED BY THE STRONG COMMITMENT OF THE LEADERSHIP OF YOUR CANADIAN GOVERNMENT TOWARD SUCCESS IN THE MULTILATERAL TRADE NEGOTIATIONS.

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FM AMEMBASSY OTTAWA

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10. WE ARE GOING TO TABLE IN THOSE TALKS ON JANUARY 20 PROPOSALS FOR TARIFF REDUCTIONS, SOME OF WHICH WILL BE GREATER THAN FORMULA REDUCTIONS, PROPOSALS WHICH WE THINK WILL BE ATTRACTIVE TO THE CANADIAN GOVERNMENT. WE HAVE PROVIDED YOUR LEADERSHIP WITH A COPY OF THE PROPOSALS WHICH WILL BE TABLED ON THE TWENTIETH.

11. IN THE FIELD OF ENERGY WE AGREED THAT BOTH SIDES WILL ENCOURAGE NEW SHORT-TERM GAS EXPORTS WITH A SO-CALLED SWAP-BACK OPTION. BY SO DOING IT WILL HELP FACILITATE THE ACCELERATED CONSTRUCTION OF THE SOUTHERN SECTION OF THE ALCAN PIPELINE, RECOGNIZING THAT THIS ENCOURAGEMENT DOES NOT INTERFERE WITH, OR PRESUME THE OUTCOME OF, THE RESULTS OF THE INDEPENDENT REGULATORY BODIES IN EITHER COUNTRY OR THE POLICIES OF THE GOVERNMENT OF ALBERTA.

12. WE AGREED TO PROCEED WITH A JOINT U.S.-CANADIAN STUDY, TO BE COMPLETED IN 90 DAYS, OF THE ESTABLISHMENT OF A JOINT OIL STORAGE FACILITY IN THE ATLANTIC PROVINCES OF CANADA; AND I THINK THE TWO SITES WERE NOVA SCOTIA AND NEWFOUNDLAND. IF IT PROVES FEASIBLE, THIS WOULD PROVIDE PROTECTION TO BOTH EASTERN CANADA AND THE NORTHEASTERN

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UNITED STATES IN AN EMERGENCY. IT SHOULD BE OBSERVED THAT ONCE THAT STUDY IS COMPLETED BOTH GOVERNMENTS WOULD HAVE TO TAKE OTHER STEPS; FOR EXAMPLE, OUR COUNTRY NEEDED AN ENVIRONMENTAL IMPACT STATEMENT AND THE REST, BUT THIS DEVELOPMENT SHOULD BE OF SUBSTANTIAL SIGNIFICANCE AND BENEFIT TO BOTH OF OUR NATIONS.

13. WE ALSO AGREED THAT OUR TWO GOVERNMENTS WILL UNDERTAKE A JOINT STUDY OF WAYS OF INCREASING OUR TWO-WAY ELECTRICITY EXCHANGES. IT HAPPENS TO BE THE CASE NOW THAT THERE ARE SUBSTANTIAL ELECTRICITY SWAPS OR EXCHANGES ALREADY. IF I UNDERSTAND IT, THE PEAK LOAD FOR ELECTRICITY IN CANADA TENDS TO BE IN THE WINTER, AND IN THE UNITED STATES IN THE SUMMER.

14. IF WE COULD EVEN THOSE LOADS UP, WE MIGHT SAVE COSTS FOR CONSUMERS, AND AS THE COST OF NEW GENERATING FACILITIES, SITING PROBLEMS AND THE REST INCREASE, THIS KIND OF COMMON SENSE ATTEMPT TO RATIONALIZE ENERGY -- THAT IS, ELECTRICAL USEAGE -- SEEMS TO MAKE SENSE, AND THAT STUDY WILL BE UNDERTAKEN.

15. IN THE ANTI-TRUST FIELD THERE HAS BEEN SUBSTANTIAL CONCERN EXPRESSED IN CANADA ABOUT THE SO-CALLED EXTRA-TERRITORIALITY ISSUE. WE HAVE IN THE PAST, WHEN PURSUING INVESTIGATIONS AGAINST U.S. FIRMS, USED THE COURTS TO REQUIRE SUBSIDIARIES OF U.S. CORPORATIONS IN THE UNITED STATES TO RESPOND TO THE DISCOVERY PROCEEDINGS IN THE COURTS OF THE UNITED STATES.

16. WE HAVE TODAY AGREED THAT IN THE FUTURE, WHERE SUCH INFORMATION IS DESIRED OF A U.S. SUBSIDIARY, WE WILL FIRST INFORM THE CANADIAN GOVERNMENT AND SEEK TO

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OBTAIN THAT INFORMATION VOLUNTARILY, AND IN CONSULTATION WITH THE SOURCE OF THAT INFORMATION AS WELL AS WITH YOUR GOVERNMENT; HOWEVER, NOT WAIVING THE RIGHT TO PURSUE OUR COMPULSORY LEGAL REMEDY SHOULD THOSE VOLUNTARY EFFORTS FAIL.

17. I ALSO INFORMED MY HOSTS TODAY THAT, ON THE FOREIGN CONVENTIONS TAX ISSUE, THE PRESIDENT'S TAX REFORM PACKAGE WILL CONTAIN PROVISIONS WHICH SHOULD EASE CANADIAN CONCERNS OVER OUR FOREIGN CONVENTIONS TAX REGULATIONS.

18. I ADVISED THAT WE WERE WILLING TO CONSIDER FURTHER REDUCTIONS ON THIS ISSUE IN RETURN FOR PROGRESS IN THE CONTEXT OF OUR TAX TREATY NEGOTIATIONS. ON A RELATED SUBJECT I NOTED THAT THE U.S. IS ALSO PROPOSING TO INCREASE THE CEILING ON THE DUTY FREE ENTRY OF GOODS FROM OTHER NATIONS FROM DOLS 100 PER INDIVIDUAL TO DOLS 250 PER INDIVIDUAL FOR DUTY FREE IMPORTS INTO THE UNITED STATES. I BELIEVE I AM CORRECT, THOUGH I STAND TO BE CORRECTED ON THIS, THAT THAT IS A MONTHLY FIGURE.

19. WE DISCUSSED MANY OTHER MATTERS IN REVIEW WITH THE PRIME MINISTER. WE DISCUSSED THE MIDDLE EAST, U.S.-SOVIET RELATIONS, SALT, AND SEVERAL OTHER ISSUES. DURING THE COURSE OF THE DISCUSSIONS, MINISTER GILLESPIE STRESSED, I THINK WITH THE SUPPORT OF THE FULL CABINET, THE VIEW HERE THAT IT IS TIME FOR THE UNITED STATES TO TAKE ACTION TO ESTABLISH A STRONG ENERGY PROGRAM OF PRODUCTION AND CONSERVATION IN OUR OWN COUNTRY, AND THAT THE PROGRESS OF THE PRESIDENT'S ENERGY PACKAGE WAS A MATTER SEEN BY THIS GOVERNMENT AS ONE OF GREAT IMPORTANCE. AS THE PRESIDENT FOUND IN HIS VISITS A FEW WEEKS AGO, THAT IS ALMOST THE IDENTICAL MESSAGE THAT HE RECEIVED AT EACH SPOT. WE TOO FEEL THAT NOW IS THE TIME TO ADOPT

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NOTE: "LIMDIS" CAPTION REMOVED PER EUR:JOHN ROUSE X22170

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FM AMEMBASSY OTTAWA

TO SECSTATE WASHDC IMMEDIATE 6017

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A STRONG U.S. FEDERAL ENERGY PACKAGE, AND WE THINK THE
ADVICE IS GOOD ADVICE.

20. I THINK IT HAS BEEN A GOOD AFTERNOON, A PRODUCTIVE
AFTERNOON. I LOOK FORWARD TO SEEING THE PRIME MINISTER
AND THE OTHER LEADERS OF YOUR GOVERNMENT AGAIN TONIGHT,
AND I LOOK FORWARD TO MY VISIT TOMORROW IN EDMONTON.

21. HON. ALLAN J. MACEACHEN (DEPUTY PRIME MINISTER OF
CANADA): MR. VICE-PRESIDENT, MAY I MAKE ONE OR TWO
COMMENTS ABOUT THE SIGNIFICANT REPORT YOU HAVE GIVEN
AS A RESULT OF OUR DISCUSSIONS. IN SO DOING I CERTAINLY
WANT TO REPEAT THE WELCOME THAT WE HAVE ALREADY EXTENDED
TO YOU AND TO EXPRESS OUR PLEASURE THAT YOU HAVE FOUND
IT POSSIBLE TO MAKE THIS VISIT.

22. I BELIEVE THAT THE LIST OF ITEMS WHICH YOU HAVE
DISCLOSED CONTAINS THE MUTUALLY BENEFICIAL RESULTS OF
THE MEETING. MAY I DRAW ATTENTION TO TWO IN PARTICULAR.
ONE, OF COURSE, IF YOUR COMMENT ABOUT THE MULTILATERAL
TRADE NEGOTIATIONS AND YOUR INDICATION THAT THE UNITED
STATES IS MAKING CERTAIN PROPOSALS AND WILL MAKE THEM
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AVAILABLE TO THE PARTNERS EARLY NEXT WEEK. WE HAVE
RECEIVED AN INDICATION FROM YOU ALREADY AS TO THE CONTENT
OF THESE PROPOSALS, AND AS YOU KNOW, BECAUSE OF THE
CONCENTRATION OF OUR PARTICULAR TARIFF ITEMS IN THE LOW

DUTY SECTION OF THE TARIFF LIST, AND BECAUSE OF OUR CONCERN ABOUT THE ABILITY TO NEGOTIATE ON SECTORS, PARTICULARLY RESOURCE-BASED SECTORS, WE HAVE BEEN SAYING ALL ALONG THAT SOME RESPONSE MUST BE MADE TO OUR CONCERNS IN ORDER THAT WE MAY BECOME FULL PARTICIPANTS.

23. CERTAINLY I WOULD WANT TO SAY THAT WHAT YOU HAVE TOLD US ABOUT THE AMERICAN PROPOSAL WILL MAKE IT MUCH EASIER FOR CANADA TO BECOME A FULL PARTICIPANT, AND CERTAINLY GOES IN A VERY STRONG AND FAVORABLE DIRECTION AT THIS STAGE IN MEETING OUR CONCERNS. WE HAVE NOT YET EXAMINED THE PROPOSAL IN DETAIL, BUT IT IS CERTAINLY ONE WHICH WILL BE FOCUSED ON IN GENEVA.

24. ON THE JOINT AGREEMENT TO ENTER INTO A STUDY ON OIL STORAGE IN THE ATLANTIC AREA, THAT IS OBVIOUSLY A SIGNIFICANT PROPOSAL WHICH, IF CARRIED INTO REALITY, WILL HAVE SIGNIFICANT EMPLOYMENT INVESTMENT REPERCUSSIONS AND SECURITY FOR CANADA.

25. VICE-PRESIDENT MONDALE: THAT IS A CONCERN FELT ON BOTH SIDES OF THE BORDER. SENATOR HATHAWAY AND SENATOR STAFFORD HAVE MADE THE SAME POINT ABOUT THAT DEVELOPMENT.

26. Q: (TRANSLATION FROM FRENCH): MR. VICE-PRESIDENT, DURING YOUR CONVERSATIONS WITH THE PRIME MINISTER, MR. TRUDEAU, DID YOU DEAL WITH THE QUESTION OF QUEBEC AND THE POLITICAL AND ECONOMIC STABILITY OF THIS PROVINCE? IF UNCLASSIFIED

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SO, COULD YOU SAY A FEW WORDS ABOUT IT; AND IF NOT, COULD YOU TELL US WHY YOU DID NOT DEAL WITH THE QUESTION?

27. VICE PRESIDENT MONDALE: WE DID NOT DISCUSS THAT QUESTION. THE ISSUE THAT YOU RAISE IS AN INTERNAL, DOMESTIC CANADIAN MATTER IN WHICH U.S. INVOLVEMENT WOULD BE ENTIRELY INAPPROPRIATE. I AM SURE THAT THIS IS THE ONLY WAY IN WHICH CANADIANS FROM ALL PROVINCES WOULD HAVE IT. OBVIOUSLY THE STABILITY OF CANADA IS OF IMPORTANCE TO US, GREAT IMPORTANCE. MY OWN VIEW AND THAT OF THE PRESIDENT, AND OF AMERICANS IN GENERAL I BELIEVE, IS THAT THERE CONTINUE TO BE A STRONG CONFEDERATION. CANADA IS OUR FRIEND AND OUR NEIGHBOR AND WE ARE BELIEVERS IN CANADA; BUT I WANT TO EMPHASIZE THAT THIS IS A DECISION FOR CANADIANS TO MAKE, AND WE DO NOT INTEND TO INTERFERE.

28. Q: MR. VICE-PRESIDENT, CAN YOU TELL US HOW MUCH GAS IS INVOLVED IN THE STORAGE ARRANGEMENTS, AND HOW MUCH OIL IS INVOLVED?

29. VICE-PRESIDENT MONDALE: WE DID NOT SPEAK OF DETAILS IN EITHER INSTANCE. THE ANNOUNCEMENT THAT WE MADE TODAY ON GAS IS TO ENCOURAGE GAS SALES ON A SWAP-BACK BASIS. IT DOES NOT PREJUDGE IN ANY WAY, AS I POINTED OUT EARLIER, THE ACTIONS OF REGULATORY AGENCIES IN EACH COUNTRY OR THE DECISION OF THE ALBERTA GOVERNMENT. WE DID NOT GET INTO SPECIFIC AMOUNTS AT ALL. THE SAME IS TRUE OF THE QUESTION OF THE AMOUNT OF OIL THAT MIGHT BE STORED, SHOULD THE STUDY AND THE OTHER EFFORTS CONCLUDE THAT THAT WAS DESIRABLE. WE DID NOT DEAL AT THE TECHNICAL LEVEL IN THESE TALKS.

30. Q: WILL YOU BE SEEKING PREMIER LOUGHEED'S SUPPORT FOR THAT PROPOSAL TOMORROW?

31. VICE-PRESIDENT MONDALE: ARE YOU TALKING ABOUT GAS?
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32. Q: YES, FOR THE GAS.

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FM AMEMBASSY OTTAWA

TO SECSTATE WASHDC IMMEDIATE 6018

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33. VICE-PRESIDENT MONDALE: I WILL BE GENERALLY DISCUSSING IT WITH HIM. I DO NOT LIKE TO PRESENT A PUBLIC LEADER WITH A REQUEST WITHOUT ADVANCE KNOWLEDGE. I THINK WHAT I WILL PROBABLY DO IS REPORT OUR RECOMMENDATIONS TO HIM. I HOPE HE HAS ALREADY BEEN INFORMED, BY THE WAY.

34. Q: MR. VICE-PRESIDENT, DO YOU HAVE ANYTHING TO REPORT ON MATTERS OF MUTUAL ENVIRONMENTAL CONCERNS TO THE TWO NATIONS, SPECIFICALLY THE ATIKOKAN AND THE GARRISON PROJECT?

35. VICE-PRESIDENT MONDALE: THE PRIME MINISTER MENTIONED IN A GENERAL WAY AT THE BEGINNING OF OUR MEETING, IN LISTING THE PROGRESS THAT HAS BEEN MADE, THE RESPONSES OF THE AMERICAN GOVERNMENT IN RESPECT TO ENVIRONMENTAL MATTERS. HE MENTIONED PUBLIC WORKS AND I ASSUME THAT HE WAS REFERRING TO THE DEVELOPMENT IN NORTH DAKOTA. SENATOR ANDERSON RAISED THE QUESTION OF THE ATIKOKAN PLANT BUT I WAS NOT AT THAT MEETING. HE IS EXPECTING A RESPONSE, AND SENATOR ANDERSON MIGHT WANT TO RESPOND TO THAT FOLLOWING THE MEETING.
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36. Q: MR. VICE-PRESIDENT, IN YOUR RESPONSE TO YOUR QUESTION ON QUEBEC YOU STRESSED THE POLICY OF NON-INTERFERENCE. NEVERTHELESS, YOU HAVE BEEN PARTICULARLY COMPLIMENTARY TO THE PRIME MINISTER ON AT LEAST TWO OCCASIONS TODAY. THIS BEING LIKELY AN ELECTION YEAR IN CANADA, IT IS CONSIDERED GOOD POLICY FOR THE CANADIAN GOVERNMENT TO BRING IN TOP AMERICAN POLITICIANS TO SAY NICE THINGS ABOUT THEM. THERE HAS BEEN SOME TALK AND I WONDER WHETHER YOU WOULD COMMENT ON THAT; AND WILL YOU COMMENT ON THE SPECULATION WHETHER PRESIDENT CARTER WILL VISIT CANADA DURING THIS YEAR?

37. VICE-PRESIDENT MONDALE: IT IS OUR POLICY, WHICH WE HAVE ADHERED TO AND WHICH WE WILL ADHERE TO, NOT TO BECOME INVOLVED IN THE INTERNAL POLITICS OF ANOTHER COUNTRY. BUT NATIONS HAVE TO PROCEED AT ALL TIMES WITH THE SOLUTION OF THEIR PROBLEMS. IF YOU COULD ONLY DEAL WITH ANOTHER COUNTRY AT A TIME WHICH WAS COMPLETELY REMOTE FROM THE ENVIRONMENT OF AN ELECTION, OR A POTENTIAL ELECTION, THERE WOULD BE UTTERLY NO POSSIBILITY FOR PROGRESS IN THE INTERNATIONAL ENVIRONMENT.

38. THIS PARTICULAR TRIP, FOR EXAMPLE, WE PLANNED BACK IN NOVEMBER. WE COULD ONLY BRING IT ABOUT NOW BECAUSE OF CONGESTION IN THE UNITED STATES SENATE WHICH REQUIRED

MY PRESENCE THERE. I AM NOT ATTEMPTING IN ANY WAY TO INTERFERE IN CANADIAN POLITICS; THAT IS FOR CANADIANS ALONE. BUT WHEN I SAY THAT WE VIEW THE PRIME MINISTER AS A LEADER OF GREAT ABILITY AND OF GREAT EXPERIENCE, I THINK I AM SPEAKING CLEARLY FOR MY PRESIDENT WHO HAS SAID THE SAME THING. WE DO HIGHLY REGARD HIM. WE HAVE A HIGH REGARD FOR HIM. HE IS A FRIEND OF MINE, AND
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THAT IS ONLY TELLING ACCURATELY WHAT WE BELIEVE.

39. NOW, ON THE POSSIBLE VISIT, I HAVE NOTHING TO ADD ON THAT. I KNOW THAT THE PRIME MINISTER AND THE PRESIDENT HAVE MET NOW THREE TIMES. WHETHER THEY HAVE DISCUSSED THE POSSIBILITY OF A VISIT, I DO NOT KNOW.

40. Q: MR. MONDALE, MY QUESTION HAS TO DO WITH NUCLEAR POLICY AND NUCLEAR SAFEGUARDS. PRESIDENT CARTER WAS RECENTLY IN INDIA AND HE ANNOUNCED THAT THEY WILL BE SELLING NUCLEAR FUEL AND HEAVY WATER, AND MORE PARTICULARLY HEAVY WATER, TO INDIA. CANADA, AS YOU KNOW, HAS CUT OFF ITS SUPPLIES TO INDIA. I WAS WONDERING IF THERE IS DISAGREEMENT HERE BETWEEN THE U.S. AND CANADA ON NUCLEAR SAFEGUARDS AND, IN PARTICULAR, IF THE U.S. FEELS THAT CANADA'S SAFEGUARDS ARE TOO STRINGENT.

41. VICE PRESIDENT MONDALE: I AM NOT IN A POSITION TO ANSWER IN DETAIL. I WAS NOT AT THE MEETING. I HAVE SEEN A GENERAL BRIEFING BUT NOT A SPECIFIC BRIEFING. THE POSITION OF OUR GOVERNMENT AND OF THE CANADIAN GOVERNMENT HAS BEEN FOR STRONGER CONTROLS TO PROHIBIT NUCLEAR PROLIFERATION, DEVELOPMENT OF PLUTONIUM, THE DIVERSION OF WEAPONS GRADE MATERIAL, OR POTENTIALLY WEAPONS GRADE MATERIAL, THAT MIGHT BE USED FOR NUCLEAR WEAPONRY. WE ARE STRONGLY OPPOSED TO THAT.

42. THE PRESIDENT HAD LONG TALKS WITH THE PRIME MINISTER OF INDIA, MR. DESAI, WHO ASSURED HIM THAT HE HAD NO INTENTION OF USING SUCH RESOURCES FOR NUCLEAR WEAPONRY. I DO NOT THINK I SHOULD GO BEYOND THAT BECAUSE I DO NOT KNOW WHAT THE DETAILED DISCUSSIONS RESULTED IN.

43. ON THE FINAL PART OF YOUR QUESTION, WE STRONGLY SUPPORT AND APPLAUD THE COURAGEOUS LEADERSHIP SHOWN BY THE CANADIAN GOVERNMENT IN THE FIELD OF NUCLEAR
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PROLIFERATION; THEY HAVE SHOWN GREAT COURAGE.

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FM AMEMBASSY OTTAWA

TO SECSTATE WASHDC IMMEDIATE 6019

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44. Q: MR. VICE-PRESIDENT, IN LIGHT OF THE GROWING
CANADIAN DEFICIT IN AUTO TRADE, PARTICULARLY IN THE
PARTS MANUFACTURING SECTOR, DID YOU RECEIVE ANY SUGGESTION
OR REQUEST TODAY BY THE CANADIAN GOVERNMENT THAT THE
U.S. AGREE TO RE-EXAMINE OR RENEGOTIATE ANY PARTS OF THE
AUTO PACT?

45. VICE-PRESIDENT MONDALE: THERE HAVE BEEN DISCUSSIONS
ABOUT IT. THERE HAVE BEEN DISCUSSIONS ABOUT REVIEWING
THE TERMS OF THE AUTO PACT. THIS HAS VARIED FROM TIME TO
TIME SINCE THE TREATY HAS BEEN ADOPTED; THAT IS, THE
BALANCE HAS SHIFTED BACK AND FORTH. I THINK WE SHOULD
SAY, AND I THINK IT IS FAIR TO SAY, THAT ALTHOUGH THERE
WERE MANY WHO OPPOSED THAT TREATY WHEN IT WAS RATIFIED
IN THE SIXTIES, IT HAS BEEN THE BASIS FOR A TREMENDOUS
GROWTH IN U.S.-CANADIAN TRADE, A TRADE THAT HAS BEEN ROUGH-
LY IN BALANCE DURING ALL OF THAT PERIOD.

46. ONE OUGHT TO BE CAUTIOUS IN TRYING TO HEAD OFF
PEAKS AND VALLEYS BY TEMPORARY POLITICAL MOVEMENTS IN AN
AREA WHICH HAS REALLY BEEN A VERY HEALTHY AND GROWING
PHENOMINON IN TERMS OF TRADE AND JOBS. I DO NOT HAVE
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THE PRECISE FIGURES ON THE GROWTH OF THE CANADIAN AUTO INDUSTRY SINCE THE ADOPTION OF THAT TREATY, BUT I THINK IT HAS BEEN VERY, VERY SUBSTANTIAL. AS YOU KNOW, IN THE UNITED STATES WE HAD TO RESIST THOSE WHO ARGUED THAT WE SHOULD NOT ENTER INTO THAT TREATY. AS A SENATOR I SUPPORTED THAT TREATY BECAUSE I THINK THAT IS THE KIND OF MUTUAL DEVELOPMENT OF JOBS AND GROWTH THAT IS IN THE INTERESTS OF BOTH NATIONS. I AM NOT IN A POSITION TO GO BEYOND THAT IN TECHNICAL TERMS, BUT I KNOW THAT WE ARE WILLING TO REVIEW AND TO DISCUSS. BUT WE DID NOT GET INTO THAT PARTICULAR ISSUE TODAY.

47. Q: MR. VICE-PRESIDENT, AS I UNDERSTAND IT, PART OF THE PROBLEM OVER GAS SWAPS INVOLVES TARIFF POLICY. DO YOU HAVE ANY INTENTION OF GOING TO ALBERTA, SPEAKING TO MR. LOUGHEED AND PROPOSING A TARIFF DEAL THAT WOULD BE ACCEPTABLE TO YOU IN THE HOPES THAT HE WILL BECOME YOUR ALLY AND EXERT SOME PRESSURE HERE IN OTTAWA?

48. VICE-PRESIDENT MONDALE: I HAVE NO INTENTION OF NEGOTIATING. AS I SAID EARLIER, I DID NOT COME HERE AS A NEGOTIATOR IN OTTAWA OR ELSEWHERE. WE HAVE A STATE DEPARTMENT AND OTHER OFFICIALS AND SPECIALISTS AND AMBASSADORS TO DEAL WITH SUCH MATTERS. I KNOW PREMIER LOUGHEED. I HAVE MET HIM AND I AM VERY IMPRESSED BY HIM. I WANT TO GO THERE TO HAVE A CANDID DISCUSSION WITH HIM ABOUT A WHOLE RANGE OF ISSUES AS HE SEEKS IT. I WANT HIM TO UNDERSTAND THE AMERICAN POINT OF VIEW AS WE SEE IT. I THINK THAT OUT OF SUCH DISCUSSION CAN COME A MUCH DEEPER AND BROADER UNDERSTANDING.

49. NORMALLY, I THINK THAT WHEN A VISIT LIKE THIS OCCURS THE VISITOR STAYS IN OTTAWA. IT WAS THE SUGGESTION OF

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THE FEDERAL GOVERNMENT, WITH WHICH I WHOLEHEARTEDLY CONCURRED, THAT IT MAKES SENSE PERHAPS TO VISIT ANOTHER PROVINCE. I ALSO WANT TO TAKE THIS OCCASION TO GIVE WHAT I HOPE WILL BE A SIGNIFICANT SPEECH, A POSITIVE SPEECH, ON U.S.-CANADIAN RELATIONS. WE ARE HOLDING A NEWS CONFERENCE FOLLOWING THE MEETING WITH PREMIER LOUGHEED, AND I WILL BE MAKING A REPORT AT THAT TIME.

50. Q: MR. VICE-PRESIDENT, YOU SPOKE AT THE VERY BEGINNING OF YOUR REMARKS ABOUT THE COMING MEETING WHICH

IS GOING TO BE HELD BETWEEN THE FINANCE MINISTER OF
OUR COUNTRY AND YOUR ECONOMIC MINISTERS. CAN YOU GO INTO
GREATER DETAIL ON THIS? WHAT ARE YOU LOOKING FOR? ARE
YOU LOOKING FOR SOME KIND OF JOINT ECONOMIC ACTION
BETWEEN THE TWO COUNTRIES?

51. VICE-PRESIDENT MONDALE: IT IS MORE IN THE FIELD OF
MORE DEFINITE UNDERSTANDING OF EACH OTHER'S ECONOMIC
POLICIES. FOR EXAMPLE, WE ARE COMING UP WITH A MAJOR TAX
BILL, A TAX RATE BILL, AN ECONOMIC STIMULATION BILL.
WE ARE IN THE MIDDLE OF A MAJOR ENERGY REFORM BILL FIGHT
WHICH WILL HAVE SIGNIFICANT IMPACT ON OUR ECONOMY. WE
HAVE SOME CONCERNS, MUTUAL CONCERNS, ABOUT POLICY IN
TERMS OF TRADE, INTERNATIONAL FINANCE PROBLEMS AND THE
REST. THIS WOULD BE AN OCCASION WHERE THE FINANCIAL
LEADERSHIP IN YOUR GOVERNMENT AND OURS CAN SIT DOWN IN AN
INTENSIVE, DETAILED WAY AND REVIEW EACH OTHER'S ECONOMIC
POLICIES AND COMPARE INFORMATION. IT IS NOT DESIGNED
TO COORDINATE OR TO DEVELOP A COMMON ECONOMIC POLICY.

52. Q: I HAVE A QUESTION FOR THE DEPUTY PRIME MINISTER.
WE HAVE AN ISSUE BACK HOME IN MY STATE OF MINNESOTA
THAT CROSSES ECONOMIC, CULTURAL AND POLITICAL LINES.
WE HAVE A NATIONAL HOCKEY LEAGUE FRANCHISE CALLED THE

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ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-05 H-02 INR-07
L-03 NSAE-00 PA-02 PRS-01 SP-02 SS-15 NSCE-00
SSO-00 USIE-00 INRE-00 ACDA-12 TRSE-00 EB-08
OES-07 COME-00 CU-06 ITC-01 STR-06 DOE-11 SOE-02
OMB-01 FTC-01 CTME-00 DOEE-00 NRC-07 NEA-10 AID-05
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MINNESOTA NORTH STARS. THEY ARE IN LAST PLACE IN THE POOREST DIVISION. YOU HAVE A TEAM CLOSE BY THAT IS IN FIRST PLACE IN THE BEST DIVISION. IF YOU ARE REALLY INTERESTED IN PROMOTING BETTER RELATIONS BETWEEN OUR TWO COUNTRIES, WHY COULD YOU NOT PREVAIL UPON THE MANAGEMENT OF THE MONTREAL TEAM TO TRADE TO THE NORTH STARS SOME OF THEIR LEFTOVERS?

53. VICE-PRESIDENT MONDALE: COULD WE GET THAT QUESTION IN FRENCH, PLEASE?

54. DEPUTY PRIME MINISTER MACEACHEN: WE DO NOT TAKE QUESTIONS FROM SENATORS.

55. VICE-PRESIDENT MONDALE: YOU CAN SEE WHAT MY LIFE IS LIKE TRYING TO PRESIDE OVER A HUNDRED OF THOSE.

56. MR. SMALL: WE HAVE TIME FOR ONLY ONE LAST QUESTION. I AM SORRY BUT THE VICE-PRESIDENT'S SCHEDULE IS A LITTLE TIGHT AND I APOLOGIZE TO THOSE WHO WERE NOT RECOGNIZED.

57. Q: YOU HAVE MADE CLEAR THAT YOU DO NOT WANT TO GET UNCLASSIFIED

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INVOLVED IN CANADIAN AFFAIRS, BUT I WONDER WHETHER YOU CAN SAY, BASED ON YOUR BRIEFINGS, YOUR CONVERSATIONS HERE AND YOUR OWN OBSERVATIONS, WHAT IN YOUR VIEW ARE THE CHANCES THAT CANADA WILL PULL THROUGH THIS PRESENT UNITY CRISIS?

58. VICE-PRESIDENT MONDALE: I DID NOT HEAR THE LAST PART OF THAT.

59. Q: HOW WOULD YOU RATE THE CHANCES, BASED ON YOUR CONVERSATIONS, BRIEFINGS AND WHAT NOT, OF CANADA PULLING THROUGH THIS PRESENT UNITY CRISIS INTACT?

60. VICE-PRESIDENT MONDALE: I DO NOT WANT TO SPECULATE ON THAT. THAT IS NOT FOR ME TO DO.

61. Q: I WONDER, MR. MONDALE, IF YOU COULD GO A LITTLE FURTHER ON WHAT YOU WERE TALKING ABOUT REGARDING THE CONVENTION TAX PROPOSALS. CAN YOU GIVE US A BETTER IDEA WHAT YOU ARE LIKELY TO GET INTO THERE?

62. VICE-PRESIDENT MONDALE: OUR PROPOSAL WILL PROVIDE FOR THE ELIMINATION OF THE PRESENT TWO CONVENTION LIMITATION AND INSTEAD SUBSTITUTE AN ADMINISTRATIVE STANDARD -- WITHOUT GETTING INTO THE DETAILS -- FOR APPROPRIATE CONVENTIONS, WHERE THERE ARE BUSINESS CONNNECTIONS, OR ORGANIZATIONS CONNECTED WITH EACH OTHER, OR SOME CONTACT THAT MAKES THE LOCATION OF THE CONVENTION IN ANOTHER COUNTRY APPROPRIATE. I WOULD THINK THIS WOULD BE A VERY DESIRABLE STANDARD FOR CANADIAN CONVENTIONS BECAUSE OF THE TREMENDOUS NUMBER OF CONTACTS THAT EXIST IN ALL CATEGORIES CONCEIVABLE BETWEEN CITIZENS OF THE UNITED STATES AND YOURS.
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63. SECONDLY, WE WILL, AS I MENTIONED EARLIER, INCREASE THE DUTY FREE TREATMENT OF CONSUMER PURCHASED GOODS FROM DOLS 100 PER PERSON PER MONTH TO DOLS 250 PER PERSON PER MONTH, WHICH SHOULD BE AN ADDED INDUCEMENT FOR CONSUMER PURCHASES.

64. WE DO NOT CHANGE THE CEILING ON HOW MUCH AN AMERICAN CAN SPEND IN ANOTHER COUNTRY. I THINK WE MAKE IT 125 PERCENT OF THE ALLOWANCE ALLOWED TO A FEDERAL OFFICIAL AS THE MAXIMUM THAT IS DEDUCTIBLE. I THINK THAT THE CANADIAN GOVERNMENT WOULD LIKE TO SEE THAT ELIMINATED.

65. WHAT WE HAVE INDICATED IS THAT WE WOULD BE GLAD TO CONSIDER ADDITIONAL CONCESSIONS, BUT WISH TO DO SO IN THE CONTEXT OF THE NEGOTIATIONS SURROUNDING THE TAX TREATY. THANK YOU VERY MUCH. END TEXT. EENDERS

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